



**Prospect Heights Police Pension Board Minutes
City Hall
8 North Elmhurst Road
Prospect Heights, IL 60070**

**Tuesday
July 13, 2021 at 9 AM**

Call to Order – At 9:04 AM, President Lange called to order the Prospect Heights Police Pension Regular Meeting at City Hall, 8 N Elmhurst Road, Prospect Heights, IL 60070.

Roll Call – Deputy Clerk Schultheis called roll. A quorum was present.

TRUSTEES PRESENT – President Lange Trustees – Huitink, Minniear, Kearns, Sigsworth

OTHER OFFICIALS PRESENT – Portfolio Manager David Wall (Wall Capital Group) via phone; Deputy Clerk Schultheis, Attorney Brian LaBardi (Reimer Dobrovlny & LaBardi PC), Pension Accountant Christian Ebeling (Lauterbach and Amen, LLP), Pension Accountant Stephanie Bay (Lauterbach and Amen, LLP), Treasurer Rich Tibbits

Approval of Minutes

A. April 13, 2021 Regular Meeting Minutes – Trustee Kearns moved to approve the April 13, 2021 Regular Meeting Minutes, as amended; seconded by Trustee Minniear. There was unanimous approval.

ROLL CALL VOTE:

AYES -	Minniear, Kearns, Huitink, Lange, Sigsworth
NAYS -	None
ABSENT -	None

Motion carried 5 - 0

Public Comments – Treasurer Tibbits asked that the Police Pension Board meetings be recorded and that the recordings be retained for the sake of transparency.

Approval of Expenditures

A. Richard Reimer Pension Board Legal Counsel Payment -

a. Quarterly Retainer - \$750.00

B. Karen Schultheis, Recording Secretary -

July 13, 2021, 3rd Quarter Meeting \$ 125.00

C. Approval of payment for IPPFA MidAmerican Pension Conference.

Total \$1,155.00 for Trustees Lange, Sigsworth, and Minniear

D. Approval of IPPFA MidAmerican Pension Conference for Trustee Kearns

Total - \$385.00

E. Approval of Expenditure – President Lange moved for omnibus approval of Richard Reimer Pension Board Legal Counsel Payment Quarterly Retainer - \$750.00, Karen Schultheis, Recording Secretary -July 13, 2021, 3rd Quarter Meeting \$ 125.00, Approval of payment for IPPFA MidAmerican Pension Conference - Total \$1,155.00 for Trustees Lange, Sigsworth, and Minniear, Approval of IPPFA MidAmerican Pension Conference for Trustee Kearns Total - \$385.00; seconded by Trustee Huitink. There was unanimous approval.

ROLL CALL VOTE: AYES - Huitink, Lange, Minniear, Kearns, Sigsworth
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

Pension Board Investment Report – Portfolio Manager Wall said that the fund was invested 64% in equities and ETF’s. the total assets are \$21,876,892 as of June 30, 2021. Manager Wall warned of possible inflation in the economy, and said that the portfolio needed to defend against that possibility.

Trustee Huitink asked if there are any recommendations to the portfolio. Manager Wall replied that he was looking into alternate product mutual funds; he needed to determine if these were permissible by law. The goal would be to find an investment that could be held in the bond portfolio but would be an equity.

Trustee Kearns said that the instrument being discussed is a “structured note.” He asked if there was a beta. Manager Wall said that he was still exploring this option.

Trustee Huitink asked if the portfolio was invested to the maximum amount in equities, to which Portfolio Manager Wall replied “yes.”

Trustee Kearns said that the equities listed did not come out to 64%, but Manager Wall said that was because of the ETF's (which are counted as equities).

President Lange moved to approve the Prospect Heights Police Pension Fund Portfolio as presented; seconded by Trustee Kearns. There was unanimous approval.

ROLL CALL VOTE: AYES - Lange, Minniear, Kearns, Sigsworth, Huitink
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

Pension Board Legal Counsel Report – Attorney LaBardi noted that the Fire Consolidated Pension Board is farther along than the Police Consolidated Pension Board. The Fire Consolidated Pension Board will begin transferring funds on October 1. June, 2022 is the drop dead date for the consolidation.

- Attorney LaBardi stated that there is currently a lawsuit in Kane County regarding having the consolidated fund mandate thrown out.

-Attorney LaBardi said that there is an IPPFA will be held in Oakbrook online/in-person. As a new Trustee, Officer Sigsworth will need 16 hours of new Trustee Training. The IPPFA will be September 29-October 1, 2021.

Pension Board Lauterbach and Amen Monthly Financial Report – CPA Ebeling gave an overview of the monthly financial report.

Trustee Huitink asked about the role of the Village Bank and Trust. Treasurer Tibbits said that the Bank receives contributions from the Police and City, and the money gets transferred to the Pension fund. Mr. Ebeling said that the money for the pension fund goes to the Harris Trust account.

Attorney LaBardi asked why the Village bank and Trust was used as the middle man. He said that the money should go straight to the Harris Trust.

President Lange asked that discussion of the role of the Village Bank and Trust, as well as more detail about how the funds are transferred and how the money is managed in the accounts, should be on the October 12, 2021 Meeting Agenda.

The current Village Bank and Trust account shows over \$600,000 in it; Attorney LaBardi said that there is too much money in that account. It may be an FDIC issue.

Trustee Huitink wanted to know how the money was transferred. Trustee Kearns said that the funds were wire transferred. Trustee Huitink replied that the Pension Board should not be paying wire transfer fees.

President Lange said that on the October 12, 2021 Meeting Agenda, there should be discussion regarding streamlining the process.

Attorney LaBardi said that the Pension Board should be reviewing the cash position of the Fund on a quarterly basis. He said that the transfer should be automatic, but that Pension Fund Manager does not have that authority.

Attorney LaBardi asked if the Pension Board wanted to move the cash immediately. Trustee Huitink said that the Pension Board needed to understand the mechanism first. He also did not want to see the pension fund being hit with transfer fees. Pension Accountant Ebeling said that Lauterbach and Amen only deals with BMO Harris and pays through the Harris account.

President Lange moved to approve the Monthly Financial Report as presented; seconded by Trustee Kearns. There was unanimous approval.

ROLL CALL VOTE: AYES - Minniear, Kearns, Sigsworth, Huitink, Lange
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

A. Discussion and Approval of H.E.L.P.S. Deduction – Pension Accountant Ebeling said that HELPS (Healthcare Enhancement for Local Public Safety) Retiree Act allows for former officers to decrease their taxable earnings up to \$3000 annually by using insurance premiums withheld directly from their pension checks. There is no cost to the recipients.

He said that he would send out the information with the next payroll and would allow retirees and disabled pensioners to opt-in.

Trustee Kearns asked how the Board would know if money is being paid to medical? Pension Accountant Ebeling said that the retirees and disabled pensioners still have to pay the medical.

President Lange moved to approve HELPS as an opt in option for retirees and disabled pensioners; seconded by Trustee Huitink. There was unanimous approval.

ROLL CALL VOTE: AYES - Kearns, Sigsworth, Huitink, Lange, Minniear
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

Old Business

A. Discussion of Fiduciary Insurance premium – Trustee Huitink – Trustee Huitink said that the premium seemed too expensive. Trustee Kearns said that the Pension Board has a specific plan type. Attorney LaBardi noted that there are only two brokers for this type of insurance – Mesriow and Cook Castle. The Prospect Heights Pension Board has Cook Castle. Her added that this is fiduciary, not simple Directors

and Officers coverage. Attorney LaBardi said that other pension boards also have fiduciary coverage. – **No action was taken.**

New Business

A. Semi-Annual Review of Closed Executive Session Minutes to determine what needs to remain confidential – there are no executive session minutes. No action was taken.

B. Election of Board officers (ex., President, Secretary, etc.) – President Lange moved to approve the positions on the Pension such that Kevin Lange is President; Bradley Sigsworth is Vice President; William Kearns is Secretary and Thomas Huitink is Assistant Secretary; seconded by Trustee Kearns. There was unanimous approval.

ROLL CALL VOTE: AYES - Sigsworth, Huitink, Lange, Minniear, Kearns
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

Trustee Minniear said that he would let retirees know of the vote.

C. Potential election of independent enrolled actuary for recommended tax levy – Not Needed. No action was taken

D. Review status of Trustee’s annual training requirements – Trustee Huitink said that he has completed the 16-hour required training. Attorney LaBardi said that there is a four-hour training that can be completed at the Fall Conference – Trustee Sigsworth will need to sign up for it.

President Lange moved to approve registration expenses of \$125 and conference expenses of \$385 to be reimbursed to Trustee Minniear; seconded by Trustee Huitink. There was unanimous approval.

ROLL CALL VOTE: AYES - Huitink, Lange, Minniear, Kearns, Sigsworth
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

E. Approval of Officer Todd Collins to the Police Pension Fund – President Lange moved to approve Officer Todd Collins, who was Part-Time, to Full-Time as a Tier II with a start date of 5/16/2021; seconded by Trustee Kearns. There was unanimous approval.

ROLL CALL VOTE: AYES - Lange, Minniear, Kearns, Sigsworth, Huitink
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

F. Approval of Officer Victor Castillo to the Police Pension Fund – **President Lange moved to approve Officer Victor Castillo to the Police Pension Fund with a start date of 5/24/2021; seconded by Trustee Huitink. There was unanimous approval.**

ROLL CALL VOTE: AYES - Lange, Minniear, Kearns, Sigsworth, Huitink
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

G. Approval of benefits for Retired Deputy Chief Mark Porlier – It was noted that Deputy Chief Porlier’s last day was 6/25/2021. **President Lange moved to approve retired Chief Porlier’s longevity pay of \$2200, with an effective date of 6/25/2021, 27 years of service and a yearly salary of salary of \$134,074.17 with approval of decision and order at the October 12, 2021 meeting; seconded by Trustee Sigsworth. There was unanimous approval.**

ROLL CALL VOTE: AYES - Minniear, Kearns, Sigsworth, Huitink, Lange
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

H. Ongoing Training Requirements – Trustee Huitink – Trustee Huitink noted that this had been covered in previous conversation in the meeting – **No action was taken**

I. Illinois Police Officer’s Pension Investment Fund Resolution to Appoint an Authorized Representative(s) – Attorney LaBardi said that the Resolution asks for two appointees to share data and information with the Consolidated Board (Sharing not actually transferring funds). **President Lange moved to comply with the Illinois Police Officer’s Pension Investment Fund Resolution and appoint President Lange and Trustee Kearns as the designated authorized representatives; seconded by Trustee Huitink. There was unanimous approval.**

ROLL CALL VOTE: AYES - Kearns, Sigsworth, Huitink, Lange, Minniear
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

J. Review of Actuarial Valuation Kevin Cavanaugh – Pension Accountant Bay says that the expected rate of return is 6.75%. She said that that 6.75% is a typical rate for funds of the size of the Prospect Heights Police Pension Fund. The Fire District rate of return is also 6.75%, so the Police Fund is in line with its rate. She said that the prior valuation recommended contribution was \$1,238,854 and the current valuation is \$1,341,205.

Trustee Huitink asked is there will be uniform actuarial rates when the fund is consolidated? Pension Accountant Bay said that the Consolidated Board will provide statutory minimum amount to fund any under-funding. Attorney LaBardi said that the Consolidated Board will allow local funds to hire private actuaries.

Pension Accountant Bay said the DOI would like 100% funding of the pensions in 15 years. She noted that there is an accelerated payoff in the City, and that it should be 100% funded in 12 years.

Trustee Kearns said that the Prospect Heights pension is 73% funded, which is above average. Pension Accountant Bay noted that the City has been aggressive in its funding.

Treasurer Tibbits stated that the City is doing well financially. Trustee Kearns asked if the pension Board should ask for more funding from the City Council.

Trustee Huitink said that the Pension Board should be moved to 6.5% valuation from 6.75%.

Trustee Huitink motioned to move the investment rate of return from 6.75% to 6.5%; seconded by Trustee Kearns. There was unanimous approval.

ROLL CALL VOTE: AYES - Sigsworth, Huitink, Lange, Minniear, Sigsworth
 NAYS - None
 ABSENT - None

Motion carried 5 – 0

Next Meeting Date – Tuesday, October 12, 2021 at 9 AM – City Hall. 8 North Elmhurst Road, Prospect Heights, IL 60070 – Trustee Kearns noted that he will not be at the October 12th meeting.

Adjournment – At 10:45 AM, Trustee Kearns moved to Adjourn; seconded by Trustee Huitink. There was unanimous approval.

VOICE VOTE - All ayes, no nays

Motion carried 5 – 0

Approved by the Prospect Heights Police Pension Board on this the 12th day of October, 2021.



President Lange